

OVERVIEW GLOBAL PEPPER MARKET

The sun is the main factor determining the development of the season. In Ontario, it is cloudy, so the volumes are slightly lower. In many parts of Europe, it is sunny and bright. In the UK, for example, this resulted in a large supply. The cold slowed down the season in Russia and Poland. Prices in Belgium and the Netherlands are in a downward trend. Spanish growers can hardly compete against the Dutch supply on the market. The domestic market offers a better perspective. China has invested in greenhouses, thus increasing its production.

Russian harvest delayed

The domestic pepper harvest has been delayed by the cool and rainy weather of recent weeks. As a result, the country is still dependent on imports, resulting in higher prices that most consumers are unwilling to pay. "The market conditions are difficult in Russia," explains a trader. "The import of bell peppers has been delayed because consumers do not want to pay 200 roubles (2.90 Euro) per kilo for peppers if tomatoes or cucumbers are much cheaper." Red peppers are the most popular, accounting for an 80% share of the market. The remaining 20% is divided between the yellow (15%) and green (5%). The local production replaces the bell peppers with a slightly spicy pepper called Bulgarian pepper. This variety dates back to the Soviet period, when Bulgaria was the largest producer of peppers.

In the coming weeks, the situation will improve as the domestic production hits the market. A trader expects its sales to increase, as the price for domestic peppers is lower than that of imports. The season will last until the end of September, weather permitting.

Poland discovering pointed red peppers

About two to three weeks ago, the season started for the green peppers. The other colours will follow in the coming weeks, as well as the sweet pointed red peppers. Over the last three years, there has been a clear trend with the rise in the popularity of pointed red peppers, as reported by a trader. "It has come to a point in which the demand is greater than the supply." The demand for the traditional pointed white pepper is under pressure. The trader explains that this is also the result of the campaigns

that the retailers have organised to promote the pointed red peppers. Despite the growing popularity of the latter, demand for regular peppers remains high.

The cold weather in April will especially affect the quality of peppers this season. A grower tells us that they expect to harvest the same volume. As for exports, the demand in Belgium, the Netherlands and the United Kingdom is stagnating, but in the domestic market there is still a good demand.

Belgian prices on a downward trend

On Wednesday 5 July, pepper prices were still quite good. The green ones cost 1.15 Euro; the red, 1.40 Euro and the yellow 80 cents. In recent weeks, prices have also been good, oscillating between 1.20 and 1.80 Euro. Traders can look back on the season with satisfaction. For the coming weeks, however, prices may not be as attractive. A trader expects the price of the red and green peppers to follow the downward trend already observed with the yellow. The supply is increasing and the holiday period is around the corner. Compared to other greenhouse vegetables, peppers are doing fine, according to the trader. Other greenhouse vegetables have been recording low prices for a long time.

The Netherlands: Good for traders, not as good for growers

While traders talk about a good pepper season, growers are certainly not as contented. Due to the changing weather conditions, it is difficult to get a regular production. The most dissatisfaction is observed in the case of the yellow varieties. The fall in prices of yellow bell peppers is remarkable when compared to the other colours. The decline started earlier than usual and has been more severe. "The red is still the favourite," explains a grower. "The mix packs also do well. In the past few weeks, we have also seen a lot of duo packs with two red peppers, which is something that you won't see with the yellow."

The pressure on prices is also a result of the expanding acreage. The Dutch acreage devoted to peppers, which was reduced between 2012 and 2016, has been growing sharply again. Now it amounts to around 1,300 hectares, which is about 12% more than in 2014 and 2015. In recent years, growers increasingly prefer the coarse breeds. The 260+ selection has done better in terms of price in the last few years. The second half of the season will therefore be crucial for the Dutch growers. Moreover, the expansion of the acreage has not yet come to an end, as at least 40 new hectares will be planted with bell peppers this year.

The Dutch pepper season has gone reasonably well for quite a long time, but prices have now fallen sharply, especially for the yellow. Spain has had its own production for a very long and Dutch traders now hope they will become more interested in our peppers. A new market is China, where the first shipment of bell peppers under the Dutch Valley brand arrived last month, following a successful test last year. Special promotional events were organised in supermarkets in Shanghai and Guangzhou to celebrate the launch of this new premium brand. The first test shipments to China were positively received. Now regular orders may take place, so these are exciting times for Dutch exporters.

United Kingdom: good weather, high production

Pepper producers have benefited from the summer weather. The many hours of light and heat resulted in a greater harvest and good quality. The season is going well. Growers sell mainly on a contract basis to supermarkets, which means that, despite the larger production, the revenue won't be affected. The season kicked off in January and, if the weather stays favourable, it will continue until November. In addition to a good demand for the regular peppers, there is a good market for snacking peppers.

Spain: Good season for Lamuyo peppers

Murcia's production is in full swing at the moment. It has so far been a difficult season for growers and exporters. The season started with an overlap with the production from Almeria, where the campaign was significantly longer than usual. Also, the greater production in Murcia coincided with the Dutch season, where volumes have also increased. In June, Murcia brought 20% more peppers than expected on the market because of the high temperatures.

According to a trader, the market is not stagnant, although prices are not profitable. Regular peppers of size GG yield € 0.80 at origin. In the domestic market, the Lamuyo is doing well, and this good performance may salvage the season. In recent years, the Lamuyo has become less popular and growers have rather invested in regular peppers for export. Given the smaller volume and good market conditions, the Lamuyo has become more attractive and production is expected to increase next year.

Italy relies on imports

Most of the peppers are imported. The domestic production is limited to the regions in the north of the country. From the south, only very limited volumes are available, especially when it comes to organic products. At present, the market is stable, with slight signs of growth for the organic sector.

Italy imports more peppers and chillies than it exports. Despite this low export, production is insufficient to meet the domestic demand. Imports come from countries like Spain (Lamuyo) and the Netherlands. An Italian importer confirmed that bell peppers in Italy are imported from the Netherlands during the summer months (from April). Spain is on the market in the winter months, starting November. That season will last until the Sicilian growers come to the market. A third supplier, between January and March, is Israel, but the price is often too high for the Italian market. That's why the Italians prefer the Spanish product.

Turkey invests in greenhouse production

A trader explains that bell peppers are mostly intended for the domestic market, the Balkans and Greece. The main destinations are Bulgaria and Romania. Besides, there is also demand from Austria. Ignoring these, Europe is actually a difficult market because of the Dutch supply. Most countries prefer Dutch peppers. Turkey is only able to compete in terms of prices. Turkey is currently investing in greenhouse cultivation, especially in greenhouses equipped with geothermal energy. Turkey has a year-round season that starts in Antalya in September. In June and July, Mersin takes over, while Bursa hits the market between July and September. However, the demand is not very high.

China: Greenhouse cultivation growing fast

China is a major producer of peppers and chillies, but it also has a huge domestic market. Peppers are grown across the country, from north to south. The current season is difficult for the growers. The volumes have increased due to the high temperature in the north during spring. Moreover, government subsidies have been invested in polytunnels to increase the winter production. As a result, the volume in the north has grown sharply.

The Netherlands is currently the only country that has access to this market. Dutch peppers are known as "sweet peppers" in China. The first shipments arrived to China recently. In the supermarkets, it is only possible to find a small amount of Dutch peppers.

Australia is looking over the border

At the end of March, the tropical storm Debbie hit the main winter growing regions in Bowen, Queensland. That had major consequences for the pepper market. Thereafter, reports of a bacteriological disease in the region resulted in more shortages and further price increases. In Sydney,

the peppers from the other large growing region, Bundaberg, are sold for reasonable prices. They cost up to 3 to 4 dollars per kilo. According to a trader, prices for the growers are also acceptable.

Although most of the harvest remains in the domestic market, interest in exports continues to increase. Government plans have been drawn up to deal with phytosanitary issues and thereby gain access to the Asian market. China in particular is an attractive market. There is also interest in exports to the Middle East. The summer temperatures are too high to produce year-round, so there is also room for imports in the summer months. In 2015, imports stood at 1,894 tonnes.

North America: Cloudy days, but a positive mood

Although the messages from the pepper sector in Ontario differ slightly, the overall perception is that the demand remains solid. A grower tells enthusiastically that they have already reached a record production, even though the season is not yet over. "We see substantial growth in all colours: red, yellow and orange."

In the north of the United States, growers are fighting against the pepper weevil; in Ontario, growers are not affected by this. The volumes are somewhat lower due to the rainfall and cloudy days. As a result, there is some scarcity in the market, according to a grower, so prices have risen slightly.

Mexico remains focused on US

Traditionally, the US is the main buyer of Mexican products, followed by Japan, China, the EU and the countries of the Arabian Peninsula. Despite Trump's statements, the Mexican government expects exports to grow this year. An 18 tonne batch of tomatoes and peppers has already been shipped to Canada from the Oaxaca region.

Dominican Republic has difficulty exporting

MRLs and health issues take a toll on exports, but investments in greenhouses could help overcome these challenges. There are still problems in the east of the country in this regard. The main markets are the US, Canada and the Caribbean countries. Exports to the US and Canada are especially attractive in the winter months. Exports are difficult for many growers due to a lack of market information, but investments are being made to build a good export position.

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